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**ECONOMIC STATEMENT WITH RESPECT TO
FOOD DISTRIBUTION
ORDER 79**

**Prepared in the Dairy and Poultry Branch
Office of Distribution
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ECONOMIC STATEMENT WITH RESPECT TO FOOD DISTRIBUTION ORDER 79

Introductory

Food Distribution Order 79, issued September 7, 1943 (and the several orders amendatory and supplementary thereto which have been issued from time to time), is a regulation of the War Food Administration. It is designed to limit the sale of fluid milk, cream, and milk byproducts (buttermilk, chocolate milk, skim milk beverages, and cottage, pot, and bakers' cheese) in urban communities in the United States. It does this through the medium or technique of sales quotas. Such quotas apply uniformly to all milk handlers in a given sales area where Order 79 is in effect. Thus, using June 1943 as a base period, quotas had been established by March 1, 1944, in 136 metropolitan areas throughout the United States at 100 percent on fluid milk and at 75 percent on cream and milk byproducts. That is to say, milk handlers in 136 specified areas may sell during any 30-day month only as much milk and only three-fourths as much cream and byproducts as they sold in June. In a 31-day month the amounts they may sell are, of course, proportionately larger. No restrictions are

placed on sales to the armed forces or to certain other specified governmental agencies, that is, sales to these agencies are not subject to the quota limitations.

Food Distribution Order 79 itself does not specify the quota percentages or the sales areas where the system of quota control is to be in effect. This is provided for in supplementary orders (sometimes referred to as Director food distribution orders) issued by the Director of Food Distribution, in accordance with authority vested in him by the War Food Administrator in Order 79. The first supplementary order issued covered the Baltimore, Maryland, sales area and was designated as Food Distribution Order 79-1. It became effective October 4, 1943. (The 136 areas for which supplementary orders have been issued are shown in Exhibit A, attached hereto.)

Relation of Food Distribution Order 79 to the War Food Program and the War Dairy Program

The mobilization of the Nation for war requires the mobilization of its food resources. War brings increased and new demands for food. Food is needed to feed our armed forces and to supply the merchant marine; it is needed to supply our Allies and the armed forces of our Allies; it is needed to supply the Red Cross, and the underfed populations of the liberated and occupied countries; and, finally, it is needed to feed civilians at home.

The demands for food in wartime are greater than in peacetime, not only because there are new mouths to feed, to use a colloquial expression, but because Americans eat more or want to eat more than during peacetime. First, the average soldier or sailor in the service consumes more than he did when he was a civilian. Second, the average civilian has a higher income and much of this seeks its outlet in increased expenditures for food.

All these increased and new demands necessitate a positive war food program. They require that the food resources of the country be carefully managed and husbanded. They require that the production of food be encouraged and stimulated, and that the disposition of food, once it is produced, be directed to the channels in which it is most urgently needed, and in which it can best serve the war effort.

To carry out the task of mobilizing the Nation's food resources effectively the War Food Administration was created, with the Food Production Administration and the Food Distribution Administration (now the Office of Production and the Office of Distribution) as its principal units. Under Executive Order 9280, dated December 5, 1942 (7 F. R. 10179), as amended by Executive Order 9322 (8 F. R. 3807) and Executive Order 9334 (8 F. R. 5423), the President authorized and directed the War Food Administration to "assume full responsibility for and control over the Nation's food program;" to "ascertain and determine the direct and indirect military, other governmental, civilian and foreign requirements for food, both for human and animal consumption and for industrial uses;" and to "formulate and carry out a program designed to furnish a supply of food to meet such requirements, including the allocation of the agricultural productive resources of the Nation for this purpose."

The War Dairy Program.—The war dairy program is an important part of the war food program, just as the dairy industry is an important part of American agriculture. On the production side, the program is designed to obtain an increased output of milk, and of the products of milk, through price support programs; through payments to farmers on milk and butterfat, to cover increased costs of food; through payments on Cheddar cheese and butter; and through auxiliary aids to production, including proj-

ects for making more feed available to producers, and making needed equipment available to manufacturers. In some instances, as in the case of dried milk, the Government has assisted in constructing or in financing the construction of manufacturing plants in strategic areas. Production goals for milk are determined and the facilities and energies of the War Food Administration are directed toward achieving these goals.

On the distribution side, the war dairy program calls for allocating and channeling the supply of milk, cream, and manufactured dairy products, once these are produced, among the various claimant groups and uses, according to the relative urgency of the requirements of each group and use. In the allocation of supplies to the various claimant groups, each claimant group—including United States civilians, United States armed forces, our Allies and other friendly Nations, United States Territories, the Red Cross, and liberated areas—presents an estimate of its needs. In the case of all claimants, except the United States armed forces, the amount of food allocated very often does not correspond with the amount requested, for estimated needs usually exceed available supplies. Each group, with the possible exception of the armed forces of the United States, could use a great deal more of each dairy product than is allocated to it. Nevertheless, each must gear its utilization to the supply. (See table on page 8 for the division of the whole milk supply between war and civilian consumption.)

In the allocation, or channeling, of supplies of milk and cream to various uses, i. e., for processing or manufacture into various dairy products, the procedure is qualitative in character. Nevertheless, the allocation to each use or product corresponds to the importance of the use or product in meeting war and essential civilian requirements. Butterfat and milk solids-not-fat are diverted toward the

uses and products which are most essential for war and necessary civilian consumption and are diverted away from those uses and products which are relatively unessential for war and necessary civilian consumption. Thus, whipping cream, which is used primarily as a top dressing for desserts, cakes, pies, etc., and is therefore relatively unessential, receives a low allocation, only enough to satisfy the needs for whipping cream for use in the treatment of the sick. (See table on page 9 for the division of the whole milk supply between uses or products.)

The war dairy program is carried out, on the distribution side, by a series of measures and orders designed to give each claimant group and use the supplies to which it is entitled under the allocation procedure. The disposition by factories of their output of butter, Cheddar cheese, and dried skim milk is subject to set-aside orders (FDO 2, 8 F. R. 253, 8 F. R. 5696; FDO 15, 8 F. R. 1704; FDO 54, 8 F. R. 7210). The sale of butter, cheese (other than cottage, pot, or bakers'), and evaporated milk is subject to rationing control. The production of ice cream and frozen dairy foods is restricted by limiting the use of milk solids in the manufacture of these products to 65 percent of that used during the corresponding month in the period from December 1941 through November 1942 (FDO 8, 8 F. R. 953, 8 F. R. 12163). The restriction on whipping cream mentioned above is achieved by limiting the butterfat content of cream which may be sold to consumers generally to 19 percent (FDO 13, 8 F. R. 1479; 8 F. R. 11835). Further, the measures affecting butter, cheese, evaporated milk, and dried skim milk have been implemented by special purchase arrangements for the acquisition of supplies for use and distribution by governmental agencies.

Corresponding to these measures for manufactured dairy products is Food Distribution Order 79, controlling, on a volume basis, the sale of the products of the fluid milk

industry. It will be seen, therefore, that Food Distribution Order 79 is a part of an integrated program, each portion of which supplements and complements the others. In terms of the volume of milk involved, Food Distribution Order 79 is the most important part, in fact, more important than the combined measures for all manufactured dairy products. Together with the other measures, it assures that the available supplies of milk and dairy products will be directed to the channels where they are most urgently needed to meet our war and essential civilian requirements.

Specific Conditions Which Required the Issuance of Food Distribution Order 79

The measures and orders just described, which were adopted to carry out and implement the war dairy program, were not all issued simultaneously, but were formulated and became effective at staggered intervals over a period of time. Each measure was developed and put into effect as the need for it became evident. Chronologically, Food Distribution Order 79 was issued at a relatively late date in the operation of the war dairy program. Because of the emphasis placed on fluid milk in the diets of civilians in the United States, the War Food Administration hesitated for a time to place restrictions on the sale of this product.¹ From the date the War Food Administration assumed control over the food program until Food Distribution Order 79 became operative, it attempted to achieve the objectives of the allocation program, and thus meet the most critical war requirements, only through the restrictions enumerated above on manufactured dairy products. These restrictions, as already pointed out, eliminated entirely the sale of whipping cream (except for sales for use in the treatment of the sick and for sales, until

¹ The control of the sale of cream and milk byproducts on a quota basis was not considered feasible in the absence of limitations on fluid milk sales.

September 1, 1943, by small producers), and reduced the amounts of butter, cheese, evaporated milk, dried milk, and ice cream available for consumption by civilians.

The control over sales of fluid milk could not, however, be postponed indefinitely. In the face of a continually rising demand for, and consumption of, fluid milk, this postponement resulted in the encroachment of fluid milk markets on supplies normally used for manufacturing purposes. It led to the diversion of milk in ever-increasing amounts from sources normally supplying creameries, cheese factories, and condensereries to fluid milk plants. The net result was a disproportionate use of milk for fluid consumption, as against the use of milk for conversion into manufactured dairy products, all in the face of increased requirements for manufactured products, both on the home and battle fronts.

A primary fact in considering this question is that milk is used not only for direct consumption in fluid form, but is also the source of manufactured dairy products. Therefore, when more milk is used for consumption in fluid form, less milk is available for manufacturing butter, cheese, evaporated milk and other dairy products. It is to be emphasized that a balanced war dairy program requires that civilians as a group be supplied with certain minimum amounts of most dairy products, including fluid milk and cream, rather than with unlimited amounts of fluid milk and cream, and drastically reduced amounts of the other dairy products. Such a balanced dairy program, when combined with the other food programs, provides the necessary nutrients to enable the American population to maintain health and vigor and to discharge its duties in the war effort.

An excess consumption of fluid milk and fluid cream, causing reduced supplies of other dairy products, not only results in a lack of balance in the national diet but works a hardship on specific groups of consumers, particularly

those who do not habitually drink fluid milk or cream, but who derive their nutrients of milk from butter, cheese, or other manufactured dairy products. While fluid milk is essential in the diets of growing children and of many adults, some of the other dairy products are equally essential in the diets of some other consumers and are desired by most consumers. Evaporated milk is needed in infant feeding and as a substitute for fluid milk in places where the latter is not available. Butter constitutes an essential part of the diet of most Americans. A shortage of it is disruptive to civilian morale. Cheese is used by many consumers as a substitute for meat, even when supplies of meat are plentiful.

Statistical Background.—The effect of leaving fluid milk and cream sales uncontrolled, at a time when most other dairy products were controlled, is reflected in the statistics of fluid milk and cream consumption, in relation to the utilization of all whole milk sold from farms. (The consumption of milk byproducts is not generally a factor in itself. The byproducts are derived from skim milk, which is yielded when cream is separated from milk. Therefore, except where the skim milk or the byproducts are acquired from manufacturing plants, changes in the consumption of byproducts are reflected in the changes in the use of whole milk for making fluid cream.) These statistics are summarized in the following tabulation, which shows the total volume and approximate use of the whole milk sold at wholesale by farmers:²

PERIOD	ALL MILK SOLD AT WHOLESALE	WHOLE MILK PRODUCTS FOR WAR USES	CIVILIAN FLUID MILK AND CREAM SALES	BALANCE FOR OTHER CIVILIAN USES
	MILLION POUNDS	MILLION POUNDS	MILLION POUNDS	MILLION POUNDS
1936-40	42,575		23,388	19,187
1941	52,219	4,872	25,872	21,475
1942	59,192	10,677	28,574	19,941
1943	61,566	14,001	32,712	14,853

² Data, on "all milk sold at wholesale" and on "civilian fluid milk and cream sales" from the Bureau of Agricultural Economics; data on "Whole milk products for war uses" from estimates by the War Food Administration.

It will be seen from this statistical summary that the consumption of fluid milk and cream by civilians in 1943 was 6.8 billion pounds, or 27 percent, above the 1941 level. This increase took place in the face of a decline of 1.2 billion pounds of milk in the total supply available for civilian use. While all milk sold at wholesale from farms increased 9.4 billion pounds, requirements for war uses increased 9.1 billion pounds. All this meant a reduction by 6.6 billion pounds from the 1941 level, in the amount of whole milk available for other dairy products for consumption by civilians.

For the sake of completeness, it should be pointed out that the above data omit from consideration about 56½ billion pounds of milk which is retained by farmers for their own use or for sale at retail as milk or cream, or is separated on the farm and the cream sold for the manufacture of butter. This milk is of much less importance in the war dairy program, since it cannot be diverted readily from one product to another. It is to be noted that these 56½ billion pounds of milk, plus the 61.6 billion pounds of whole milk sold from farms (shown in the above tabulation), make up the total output of 118.2 billion pounds of milk in the United States in 1943.

The utilization of the supply of whole milk sold at wholesale from farms may also be viewed from the point of view of its allocation or disposition among various uses, without regard to war or civilian consumption. This is shown in the following tabulation, in terms of whole milk equivalent:³

PRODUCT IN WHICH WHOLE MILK IS USED	1936-40	1941	1942	1943
	MILLION POUNDS	MILLION POUNDS	MILLION POUNDS	MILLION POUNDS
Fluid milk	18,710	20,893	23,210	28,984
Fluid cream	4,678	5,223	5,802	5,115
Ice cream	3,360	4,540	5,324	4,235
Dry whole milk, dried				
cream and malted	214	410	568	1,052
Concentrated milk	5,096	7,741	8,209	7,202
Cheese	7,027	9,552	11,092	9,810
Butter	3,490	3,860	4,987	5,168
Total	42,575	52,219	59,192	61,566

³ Data from the Bureau of Agricultural Economics.

From this it will be seen that total fluid milk and cream consumption in 1943, by both civilians and non-civilians, was about 8.0 billion pounds above 1941, as against an increase in total deliveries of whole milk of 9.4 billion pounds. Considering that the war requirements, above those of 1941, were for 9.1 billion pounds of milk, the War Food Administration had no choice but to take the necessary measures for arresting and limiting fluid milk and cream sales if it was to fulfill its task of managing the food program in wartime.⁴

Need for Control in Surplus as Well as in Shortage Areas.—Because the need for controlling fluid milk and cream sales arose largely as a result of the encroachments which these sales were making on supplies normally going into the production of manufactured dairy products, the institution of the milk conservation program was as necessary in areas where milk supplies are plentiful as in areas where milk supplies are short. In other words, the problem was not that of a shortage of milk for fluid consumption locally or even nationally. In fact, if all milk were diverted for fluid use, there would be enough milk for everyone, but there would be little left of everything else in the way of dairy products. For these reasons, sales of fluid milk, milk byproducts, and cream must be restricted in all markets of any size, regardless of local supply conditions.

Other Conditions Leading to Issuance of Food Distribution Order 79.—While the threat to the supplies of butter, cheese, evaporated milk, and dried milk was the underlying basis for issuing Food Distribution Order 79, there were other conditions in the fluid milk industry which required action by the War Food Administration. With an increasing demand for milk by consumers, stimulated by rising

⁴ A more detailed breakdown of the utilization of all milk produced in the United States in 1943 is given in the statement on "Fluid Milk Supply," attached hereto as Exhibit B.

incomes and limited outlets on which to spend them, many dislocations in the fluid milk industry were developing. Markets with insufficient local supplies were reaching out to distant places for milk. Milk was being moved uneconomic distances to these markets. Hauling routes around manufacturing plants were being disrupted as fluid markets attracted the larger producers. Handlers were hoarding supplies, as insurance against winter shortages, by signing up milk producers or contracting with supply sources. They were bidding higher and higher prices for such supplies and thereby creating a threat to the maintenance of ceiling prices. Health and sanitary regulations were being neglected or relaxed by local health officials under the pressure for more milk, thus endangering the purity of the milk. Finally, small handlers without established sources of supply were being squeezed out of business because of their inability to obtain milk and cream and because of the increased charges for handling and transporting milk to which they were being subjected.

By limiting sales of fluid milk and cream in all markets of any size, Food Distribution Order 79 makes it possible for markets short of milk to acquire their share of the fluid milk supply. The order, therefore, results in a more equitable allocation of fluid milk supplies among different areas. It also enables the armed forces to obtain their supplies in the amounts needed to feed their personnel.

Purposes of Food Distribution Order 79 Summarized

From the discussions above, the purposes of Food Distribution Order 79 may be summarized as (1) to conserve fluid milk, milk byproducts, and cream; (2) to arrest and reduce the diversion of milk from manufacturing uses to fluid uses; (3) to eliminate or alleviate unfavorable conditions in the marketing of fluid milk which have developed during the war emergency; and (4) to achieve a more equi-

table allocation of the supplies of milk for fluid consumption as between different markets and as between the civilian population and the armed forces.

Fluid Milk Rationing as an Alternative to Food Distribution Order 79

The rationing of fluid milk at the consumer level, in the same way that some other commodities are rationed, has frequently been mentioned in connection with the need for restricting fluid milk and cream sales. The factors involved in the rationing of these products may be summarized as follows:

1. The Office of Price Administration has generally expressed the view, though this view is not strictly adhered to, that rationing should be used only as a means of equitably distributing among consumers limited supplies of commodities, rather than as a means of bringing about a limitation of supplies.

2. The tentative plans for rationing milk formulated by the Office of Price Administration assume that some system of supply control, administered by the War Food Administration, would be in effect. The ration allowances in any community for different categories of consumers, such as children, adults, and invalids, would be based upon the amounts of milk which the War Food Administration determined to be available for fluid consumption.

3. The tentative plans of the Office of Price Administration do not contemplate the rationing of cream. Since the greatest degree of conservation under Food Distribution Order 79 is being obtained through the restriction of cream—the quota on cream is 75 percent as against 100 percent on milk—the rationing program, even if used as a limitation device, would not achieve the same degree of conservation, unless a greater restriction was effected in fluid milk sales than is now taking place under Food Distribu-

tion Order 79. Fluid cream could, of course, also be rationed, but this would create many problems in view of the wide variations among consumers in the amounts of cream used, and the relatively small quantities involved.

4. Food Distribution Order 79, by giving stability to fluid milk sales in all markets and by making more milk available in short markets, has so far avoided the introduction of milk rationing with its attendant difficulties. Rationing would require much labor by the industry for the collection and counting of ration stamps. The cost of administering such a program would be large, both to the industry and to the Government. The establishment of different consumer allotments in different areas, which is implied in the tentative rationing plans and seems to be unavoidable, would create much dissatisfaction. If the same allotments were established everywhere and the rate of consumption equalized, milk would have to be transported over long distances from areas where milk consumption is normally high to areas where consumption is normally low. This would be difficult in view of the already-existing shortages of refrigeration and transportation facilities. It is to be remembered there are wide variations in milk consumption between different areas, as well as between different consumers.

5. Because of the fact that the issuance of Food Distribution Order 79 has avoided the introduction of milk rationing, most milk handlers have favored the milk conservation program, as embodied in Food Distribution Order 79.⁵ The advisory committee of the fluid milk industry has endorsed the program as the best plan which could be formulated under existing conditions.

6. Should milk rationing become necessary, either for the purpose of equitably distributing limited supplies of

⁵ See the pamphlet entitled *Milk Distributor Cooperation on Food Distribution Order 79*, issued by the Milk Industry Foundation, Washington, D. C.

milk among consumers, or as an alternative for Food Distribution Order 79 in its present form, the War Food Administration will, of course, request the Office of Price Administration to institute it. (For a further statement on this, see paragraph numbered 6 in Exhibit B, attached hereto.)

Correlation of Food Distribution Order 79 and the Amendatory and Supplementary Orders

Food Distribution Order 79 was issued by the War Food Administrator on September 7, 1943, and became effective on September 10, 1943 (8 F. R. 12426). On September 28, Amendment 1 to the order was issued, to become effective on October 1, 1943 (8 F. R. 13283). This amendment effected several changes in the order, designed to facilitate its operation and administration.

As indicated in the introductory statement, Food Distribution Order 79 itself does not specify the quota percentages or describe the sales areas where the milk conservation program is to be in effect. Neither does it specify the base periods or the quota periods. In this respect it is largely an enabling order, providing the authority, means, technique, and method of control to be used in bringing about a limitation and allocation of the sales of milk, milk byproducts, and cream. Under the order, this authority is delegated by the War Food Administrator to the Director of Food Distribution, who, under the terms of Executive Order 9280, *supra*, is vested with the direction and supervision of the Food Distribution Administration (now the Office of Distribution).⁶

⁶ The delegation of authority to the Director of Food Distribution is authorized by Executive Order 9280, as amended, which provides that the War Food Administrator may delegate "any or all functions, responsibilities, powers . . . authorities or discretions conferred upon him . . . to such person or persons within the Department of Agriculture as he may designate or appoint for that purpose." (Section 9)

Specifically, Food Distribution Order 79 authorizes the Director of Food Distribution to "designate or establish, from time to time, milk sales areas, base periods, quotas, and quota periods," and to do this in accordance with the conditions specified in the order. It further authorizes him, among other things, to designate market agents and advisory committees, to specify the agencies or groups who may purchase quota-exempt products, to audit books and records, to make investigations necessary to the enforcement or administration of the order, to require information and reports from handlers, and to take action on petitions for relief from hardship.

In accordance with the authority vested in him, the Director of Food Distribution (or the Acting Director) has issued supplementary orders establishing the milk conservation program in 136 areas (Food Distribution Orders 79-1 to 79-81, inclusive; Food Distribution Orders 79-83 to 79-101, inclusive; Food Distribution Orders 79-103 to 79-139, inclusive; and Food Distribution Orders 79-141 and 79-142),⁷ and has issued a number of amendments to these supplementary orders. All these supplementary orders are listed in Exhibit A attached hereto, together with the names, effective dates, and Federal Register citations, and the populations of the sales areas for which they were issued.

The Director of Food Distribution has also issued two supplementary orders (Food Distribution Order 79-82; 8 F. R. 14721; Food Distribution Order 79-140; 9 F. R. 2456) delegating authority to the Chief of the Dairy and Poultry Branch, one of the units in the Office of Distribution, to take action in connection with petitions for relief from hardship and with renewals of quota transfers. He has issued an additional supplementary order, Food Distribu-

⁷ Food Distribution Order 79-142, covering the State of Connecticut, supersedes Orders 79-34, 79-36, and 79-37, which covered the Bridgeport, Waterbury, and Hartford-New Britain areas, respectively.

tion Order 79-102 (8 F. R. 16313), delegating authority to market agents for the purpose of bringing about adjustments in the program to meet local market conditions. Finally, he has issued an amendment to this supplementary order (Amendment 1, 9 F. R. 337), which delegates further authority to market agents for the purpose of bringing about still greater flexibility in the operation of the program locally. A detailed explanation of this amendment is attached hereto as Exhibit C.

The supplementary orders establishing the program in specific areas each specify the milk sales area; the base period to be used; the quota percentages (from which the amounts of milk, milk byproducts, and cream a handler may sell are computed; the quotas for handlers who are also producers; the exemption for small handlers, that is, the size of handlers who are exempt from the quota provisions; the types of deliveries which are exempt from quotas; the conditions under which quotas may be transferred from one handler to another; the procedure for handling petitions for relief from hardship; the details of reports required from handlers; the amount of the assessment to be paid by handlers to meet the expenses of administration; and other minor provisions.

Geographical Extent of Milk Conservation Program

As shown in Exhibit A attached hereto, the 136 milk sales areas for which supplementary orders had been issued by March 1, 1944, had an estimated population as of November 1, 1943, of 67,663,592 persons. On April 1, 1940, the date of the last general census, the population of these areas was 66,103,173. This was 88.8 percent of the total urban population in the United States of 74,423,702, at that time, inclusive of the population of small urban communities having only 2,500 inhabitants.

At the time Food Distribution Order 79 was issued, the War Food Administration announced that the program "will go into effect first in the areas of heavy urban population where milk supply problems are most critical, and will be extended to other areas as administrative facilities permit." (Press release of September 8, 1943.) In accordance with this policy, the program has now been established in all important urban areas, and only smaller urban areas remain to be covered. The extent to which this will be done, however, will depend upon the degree of conservation possible in these areas, in relation to the administrative difficulties which will inevitably be involved.

The degree of conservation to be obtained through the establishment of the program in additional urban communities, consisting mostly of small places—it is not feasible to operate this program in rural areas—is not considered to be very great. First, a part of the supply of milk in small communities comes from cows owned by consumers themselves. This is neither subject to the order, nor susceptible of effective regulation in any case. Second, another and larger part of the supply comes from *small* handlers, who, whether producers or not, are exempt in varying degrees in different areas from the quota limitations of the program. Such exemptions facilitate the administration of the order with respect to larger operators, in the sense that they permit emphasis by administrative personnel on the problems of larger operators. Since only a small fraction of the milk in larger areas is handled by the exempted handlers, the effectiveness of the program is not diminished by any appreciable degree by the exemption. Third, still another part of the milk furnished to consumers in small communities comes directly from farmers. They are referred to in the supplementary orders as "handlers who are also producers." Aside from the fact that they enjoy the same exemptions as other small han-

dlers, the quota limitations affect them only in a minor degree. Most of the supplementary orders, particularly those in effect in the Middle West, fix the quota for producer-handlers at an amount equal to their production during June, and June is generally the highest production month. For all these reasons, the establishment of the program in small places will achieve only a limited degree of conservation.

Need for Compliance by All Handlers Subject to Food Distribution Order 79

The effectuation of the purposes of Food Distribution Order 79 requires that the provisions of the order be adhered to by handlers in all areas where it is in effect. Failure by handlers in any area to comply with the order threatens the effectiveness of the milk conservation program as a whole. To the extent that milk, milk byproducts, and cream are not conserved in such areas, and to the extent that the encroachments by such areas on milk supplies which would otherwise be used for manufacturing purposes are not arrested and prevented, there is a diminution in the effectiveness of the program. To that extent, there is that much less milk available for the manufacture of butter, evaporated milk, and the other vital manufactured products essential to supply critical war and civilian needs. It is estimated that the milk conservation program will result in a saving equivalent to 1,200,000,000 pounds of fluid milk and cream and of 435,000,000 pounds of skim milk (see Exhibit B). It is evident then that if a city of 670,000 population (this being one percent of the total population subject to the order) fails to comply, the expected saving in milk, cream, and skim milk is reduced by about one percent.

Furthermore, to the extent that noncompliance in any one area induces or results in noncompliance in other areas,

it presents a threat to the entire program. It is not to be gainsaid that the ability of handlers in one area to evade and escape the restrictions of the order will lead to attempts at evasions by handlers in other areas. There is also a question of administrative equity involved. If handlers in one area escape the regulation imposed by Food Distribution Order 79, handlers in other areas cannot be expected to accept such regulation without complaint.

The violation of the provisions of the order by a single handler is no different than the violation of price ceilings by a single storekeeper, or the failure by a single taxpayer to pay income taxes, except that, in the latter case, it will not necessarily lead to an epidemic of violations.

The Administration of Food Distribution Order 79

Paragraph (c) of Food Distribution Order 79 provides for the administration of the provisions of the order. Subparagraph (1) authorizes the Director to "designate a market agent for each milk sales area or for a combination of several such areas," and to "fix the amount of his salary." (A sample form of the designation used in designating market agents is attached as Exhibit D.) Each market agent is also appointed as a collaborator without compensation, and, insofar as he performs functions for the United States, he acts under his appointment as collaborator.

Subparagraph (2) sets out in detail the functions and duties of the market agent. The market agent is authorized and directed, among other things, to do the following:

1. Obtain and assemble reports from handlers, and assemble data with respect to the production, shipments, sales and delivery of milk, milk byproducts, and cream in the area.

2. Receive petitions for relief from hardship, and compile all necessary facts and data concerning such petitions.

3. Keep books and records which will clearly reflect all of his acts and transactions.
4. Collect assessments from handlers.
5. Employ such persons as may be necessary to enable him to perform his duties.
6. Investigate and report to the Director of Food Distribution any violation of the order.
7. Audit the books of any handler operating within the milk sales area and subject to his jurisdiction.
8. Perform such other duties as the Director may specify.

The Provision for Advisory Committees

Subparagraph (3) of paragraph (c) authorizes the Director of Food Distribution to "designate for each milk sales area, or for a group of such areas, three or more persons to act as members of an advisory committee, and an alternate member for each of the members." The duties of the advisory committee are to counsel with the market agent, who acts as chairman of the committee, and to recommend to the Director of Food Distribution amendments to the order and changes in its administration. The duties are obviously purely advisory.

No standard procedure is followed in nominating members for the advisory committees under Food Distribution Order 79. In line with the policy adopted under this order to administer the program on a local basis, market agents are permitted to select their own method for choosing members and alternate members for these committees. Market agents are permitted to nominate representatives of distributors, producers, consumers, and local governments. While in some places market agents select the nominees themselves, in other markets they invite nominations from the industry. In still other markets, they permit members of the industry to elect the nominees for the committees. These may be supplemented by nominations from the market agents themselves.

Eighteen advisory committees have now been designated for 27 of the 136 areas where Food Distribution Order 79 is in effect. In the areas where committees are not established, the market agents generally consult with all handlers in general meetings, or with groups of handlers, or with individual distributors. Handlers are thus enabled to express their views concerning the order and its administration. The primary purpose of advisory committees, namely, to consult with the market agents, is thus achieved indirectly through this informal procedure.

The Administrative Assessment

Subparagraph (4) of paragraph (c) provides for the collection of an assessment from handlers subject to the order. The amount of the assessment is established by the Director of Food Distribution. The proceeds are used to meet the expenses necessarily incurred in the operation of the program. As modified by Amendment 1 to Food Distribution Order 79, the assessment may not exceed 3 cents per one hundred pounds of milk, milk equivalent of cream, and skim milk equivalent of milk byproducts. The exact amount of the assessment varies as between areas and is specified in each of the supplementary orders. In some markets, it is as low as 1 cent per hundred pounds.

The requirement that handlers pay an assessment is one of the terms and conditions of Food Distribution Order 79. It is a condition of allocation, or of granting a quota to handlers under the order. The assessment is a regulatory fee and is not to be considered as a tax, since it does not go for the general support of the Government, and since the power exercised is not the taxing power.

Reasons for the Administrative Assessment.—The fluid milk industry is affected by complexities and conditions peculiar to itself which give rise to the need for a high degree of specialized and local supervision in the adminis-

tration of important milk regulations. This characteristic of the industry has long been recognized, and the cost of this specialized and local supervision has, in many instances, been borne by the industry itself. It has been considered consonant with the dictates of justice that the fluid milk industry, whose operations necessitate regulation of a special character, should pay the costs of that regulation. Thus, the milk regulatory orders issued under the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. O. 1940 ed. 601 *et seq.*), and in effect in 22 major interstate milk markets provide for an assessment on milk handlers of varying amounts to pay for the expenses of administration. Section 10 (b) (2) of the Act provides that each handler subject to an order "shall pay to any authority or agency established under such order such handler's pro rata share . . . of such expenses as the Secretary may find will necessarily be incurred . . . for the maintenance and functioning of such authority or agency." The agencies designated are known as "market administrators," all of whom incidentally have now been also designated as market agents under Food Distribution Order 79.

Assessments or regulatory fees levied on handlers or producers to cover the cost of regulating or controlling the marketing of fluid milk are also provided for in some State laws or regulations. The details of some of these assessments are enumerated in Exhibit E, attached hereto.⁸

A still further example of the payment of the costs of administering milk regulations by persons subject to them is that of the assessments or regulatory fees levied by municipalities to meet the costs of milk inspection. These

⁸ The practice of having persons subject to milk marketing regulations pay the cost of administering such regulations prevails also in England and Wales, where the expenses of the Milk Marketing Board are debited to payments due producers. (See Steck, Leon J., *The Regulation of Milk Marketing in England and Wales*, U. S. Department of Agriculture, 1938, pages 34 and 35.)

fees are paid in some instances by milk producers, and in other instances by milk handlers. In still other instances, both producers and handlers contribute to the cost of maintaining the milk inspection services. Arrangements of these types are in effect in, among other cities, Oklahoma City, Salt Lake City, St. Louis, and Louisville. In Louisville, for example, distributors were required to pay, by an ordinance of 1931, 4 cents per hundredweight of milk and milk products handled by them. It will be seen, therefore, that the requirement for milk handlers to pay an assessment for the purpose of meeting the costs of local administration under Food Distribution Order 79, far from being a novel provision, follows an established, though not necessarily universal, practice in the milk industry.

The assessment provision is considered a reasonable condition of regulation in the circumstances of Food Distribution Order 79, in the same way as the similar assessments are considered reasonable conditions of regulation under the peacetime milk control laws just described. As indicated above, the marketing of fluid milk has been long recognized to be affected with many local characteristics. These local characteristics arise out of the municipal health regulations covering the production and sale of milk, variations in consumption among consumer groups, seasonal variations in production, the extreme perishability of milk coupled with the importance of milk as an item of food, variations in the size and character of organizations engaged in the business of processing and distributing milk, and the highly competitive nature of the fluid milk industry.

These characteristics create a need for local administration of Food Distribution Order 79. For instance, because of the perishability of milk, it is important that petitions for relief from hardship under this order be handled quickly. It is important that a handler who is entitled to relief, because he suffers an unreasonable hardship, should

be granted relief immediately so that the milk might not be wasted and so that consumers might not be unduly deprived of it. Unless local administration is provided, a petition of this type would be sent either to Washington or to one of the Regional Offices of the Office of Distribution and a considerable period of time might elapse before it is acted upon. The highly competitive nature of the milk business is another example of the need for local administration. Violations of the order must be determined promptly in order that handlers who live up to their quotas do not lose business to those who exceed their quota. Milk handlers have always placed a high value upon individual customers. As much as \$10 per quart of retail trade is sometimes paid for the goodwill attached to a customer when a milk business is sold. To enforce the order strictly, competent local administrators, provided with efficient and qualified staffs of accountants and investigators, are needed.

Local administration is also needed to insure that changes in the volume of production would be adequately and promptly recognized, and that needed changes in the local orders could be quickly analyzed and reported. An increase in the supplies of milk in a market may necessitate a temporary increase in the quotas allotted to handlers, particularly if facilities are not immediately available to convert the additional supplies to manufactured products. Prompt recognition of the situation is obviously needed if a loss or waste of milk is to be avoided, and this can best be obtained through officials operating in the market and familiar with market conditions.

Representatives of the fluid milk industry who were consulted about the method of financing the local administration of Food Distribution Order 79 considered that the assessment constituted a wholly acceptable method of doing this. The experience of the industry under other types of regulatory activities for fluid milk which are

financed by an administrative assessment has been satisfactory. The industry was convinced that the cost of the assessment would be much less than the cost of milk rationing even though under rationing no assessment would be levied on handlers.

An additional factor which led to the adoption of the administrative-assessment provision was the fact that it was desirable to use the offices and facilities of Federal milk market administrators designated under the authority of the Agricultural Marketing Agreement Act of 1937. As already pointed out, the administrative expenses incurred by these market administrators are met by an assessment of the type provided for under Food Distribution Order 79. Not being Federal employees, the market administrators have established and operated their offices along lines followed by private business. It would have been extremely difficult to have the market administrators participate in the administration of Food Distribution Order 79 if their participation was to be financed by appropriated funds, requiring adherence to civil service regulations and to other Federal regulations governing the expenditure of appropriated funds.

In summary, the justification of the assessment provision may be expressed in this way: Food Distribution Order 79 is a regulation which is deemed necessary and appropriate in the public interest and to promote the National defense. An integral part of this regulation—and this is also true of any other regulation—must be the means and facilities for administering and enforcing it. In providing for such means and facilities in the case of Food Distribution Order 79, the War Food Administration has chosen, from among the alternatives available to it, those which have been long established and well tried, and which have been widely used in administering important regulations with respect to milk. The essence of these means and facilities

is local supervision and the payment of an assessment by the fluid milk industry to meet the cost of this local supervision. The assessment on milk handlers under Food Distribution Order 79 has the sanction of custom and usage in the milk industry, and such assessment is most likely to assure the maintenance of local supervision and administration.

Auditing and Reporting Requirements

Paragraph (e) of Food Distribution Order 79 authorizes the Director of Food Distribution "to make such audit or inspection of the books . . . of any handler . . . as may be necessary or appropriate, in his discretion, to the enforcement or administration of the provisions of this order." Paragraph (f) authorizes the Director "to obtain such information from, and require such reports and the keeping of such records by, any person, as may be necessary or appropriate, in his discretion to the enforcement or administration of the provisions of this order, subject to the approval of the Bureau of the Budget, pursuant to the Federal Reports Act of 1942." The reporting requirement has been implemented by the provisions of the supplementary orders which provide that "handlers shall keep and shall make available to the market agent such records of receipts, sales, deliveries, and production as the market agent shall require." These reporting requirements have been approved by the Bureau of the Budget.

In accordance with the reporting provisions, handlers subject to Food Distribution Order 79 have been required to furnish to the market agents reports covering sales during the base period and during each quota period. Report forms have been furnished handlers for this purpose and are attached hereto as Exhibits F and G, respectively. (In some areas, market agents have made slight modifications in these forms. Generally, these modifications have been

in the direction of simplifying or clarifying the forms, or of eliminating some of the items required.)

The reporting requirement is an essential and integral part of the plan of regulation provided for in Food Distribution Order 79 and the supplementary orders. First, reports are needed for the purpose of providing information which will guide the Director of Food Distribution in establishing quotas for milk, milk byproducts, and cream. Second, they are necessary to the determination of the amounts of the restricted products handlers subject to the orders are entitled to sell in non-exempt channels, and to the determination of whether handlers are actually staying within the required quotas.

With respect to the first point, it is imperative that the quotas established be related to the purposes of the order. It has already been pointed out that Food Distribution Order 79 is one of the measures adopted by the War Food Administration which are designed to allocate the available supplies of milk among the different claimant groups or uses. Together with data obtained for other dairy products, the information compiled from handlers' reports will enable the War Food Administration to determine the adjustments that should be made in the amounts of milk which should go for fluid consumption and the amounts of milk which should go for manufacturing uses. The initial quota percentages of 100 percent in the case of milk and 75 percent in the case of cream and milk byproducts were only an approximation of what was considered to be necessary to meet the needs of the war dairy program. A more precise and more adequate determination requires that data be obtained from handlers which will show the amounts of milk, milk byproducts, and cream being actually consumed. When such amounts are known, it is possible to determine the adjustments that are needed and that should be made.

With respect to the second point, reports by handlers are necessary not only to inform the War Food Administration as to whether handlers are staying within the allotted quotas, but are equally necessary to inform the handlers themselves as to the amounts of their quotas. The prescribed report form for the base period (attached hereto as Exhibit F) furnishes a basis for computing the quotas of milk, milk byproducts, and cream. The data required must be compiled by the handler in any case, whether on this form or in some other way, to know what his allotted quotas are. In fact, this form furnishes him with a convenient guide for doing this. Similarly, the sample form attached hereto as Exhibit G facilitates the handler's record-keeping of the amounts of his sales of the restricted products during each quota period. It informs him whether he is staying within the allotted quotas. It is evident that the completing of the required report forms is as much for the convenience of the handler as it is for the needs of the War Food Administration.

The situation is not unlike that of income tax returns. The taxpayer needs to follow through the detailed items of an income tax return in order to inform himself readily as to the amount of the income tax he should pay. Without using the prescribed form, he could still determine the amount of the tax, but only with some difficulty. Also, unless an income tax return was filed, the Bureau of Internal Revenue would not know without an elaborate investigation whether the payment by a taxpayer did in fact meet his tax obligation.⁹

⁹ In a recent case the United States Supreme Court commented as follows regarding the requirement that taxpayers submit an income tax return: "Congress has given discretion to the Commissioner to prescribe by regulation forms of returns and has made it the duty of the taxpayer to comply. It thus implements the system of self-assessment which is so largely the basis of our American scheme of income taxation. The purpose is not alone to get tax information in some form but also to get it with such uniformity, completeness, and arrangement that the physical task of handling and verifying returns may be readily accomplished." *Commissioner of Internal Revenue v. Iane-Wells Company and Technicraft Engineering Corporation*, decided February 14, 1944.

The authority for auditing handlers' books under Food Distribution Order 79 implements the reporting requirements of the order. It does this in the same way as the auditing authority of the Bureau of Internal Revenue implements its authority for requiring income tax returns. The auditing of a handler's books, though not done in every instance, is frequently necessary to determine whether the reports filed are accurate or not. Without such authority for auditing, there would be no way of ascertaining whether a handler is reporting his sales correctly.

The Operation of the Quota Provisions

The quota provisions of Food Distribution Order 79 are the heart of the milk conservation program. As indicated before, the order authorizes the Director of Food Distribution to establish quotas. This authority has been exercised by the Director with respect to the several milk sales areas by the inclusion in the applicable supplementary orders of appropriate quota provisions. The quotas granted to each handler are a part of the total quantity of milk allocated for use as fluid milk, cream, and milk byproducts, out of the total national pool of milk available for all dairy products.

Food Distribution Order No. 79 defines the term "quota" as "the quantity . . . of each of milk, milk byproducts, and cream, which a handler may deliver within a milk sales area during a quota period." This quantity is derived, in accordance with the provisions of the applicable supplementary orders, by (1) computing the average daily non-exempt deliveries during the base period, which average may be referred to as the daily base; (2) multiplying the daily base by the number of days in each quota period; and (3) multiplying this last result by the applicable quota percentages. These quota percentages are specified in each supplementary order. (Where transfers of quotas have taken place, appropriate adjustments are made.)

The base period is an integral part of the quota arrangement. The quotas for each quota period are derived from the amounts of non-exempt deliveries during the base period by applying the appropriate quota percentages. In the case of all supplementary orders issued so far, the month of June 1943 has been designated as the base period. This period has been chosen for several reasons. First, records for such a recent month are readily available. Second, the use of this period eliminates the need for adjustments which inevitably arise in a quota arrangement when a more distant base period is chosen. Third, June is generally a month of peak production. Supplies in June 1943 should, therefore, have been adequate to meet without inhibition all demands handlers had for milk and cream. Fourth, June sales are probably as representative of average yearly sales as sales in any other month, considering the country as a whole.

The "quota period" is the period designated by the Director of Food Distribution as the period during which quotas established under the order apply. It is the accounting period for which sales must not exceed the established quotas. In the case of supplementary orders issued under Food Distribution Order 79, the calendar month is designated as the quota period. (Where the supplementary order became effective after the first of the month, the remainder of that calendar month is the first quota period.) The use of the calendar month as the quota period is convenient from the point of view of the Government as well as of the fluid milk industry. The industry generally maintains its records on a monthly basis.

The initial quota percentages in all the supplementary orders were 100 percent in the case of milk and 75 percent in the case of milk byproducts and cream. These quota percentages were still in effect on March 1, 1944, and may remain in effect unchanged for some time longer. It is im-

portant nevertheless to emphasize that the Director of Food Distribution has authority to alter these percentages at any time to meet the demands of the war dairy program.

With the quota percentages given, the computation of the actual quota amounts each handler may sell is an easy matter. Through the use of the base-period report form which has been supplied to handlers (see Exhibit F) the handler merely has to multiply the non-exempt deliveries of milk, milk byproducts, and cream by the respective applicable quota percentages.

The quotas determined by the procedure discussed above may be subject to adjustments because of transfers of quotas or because an additional quota has been granted to a handler under a petition for relief from hardship. Transfers of quotas (or transfers of bases) between handlers **are provided for** under the provisions of Food Distribution Order 79 and of the supplementary orders, including supplementary Order 79-102. Taken together, these provisions permit transfers of quotas (or transfers of bases) under the following conditions:

(1) When a transfer is agreed to by both of the handlers involved.

(2) When a transfer is necessary to obtain deliveries for a purchaser not being served by the handler who served that purchaser in the base period.

(3) When a transfer is necessary to maintain the shifting periodically of an account between handlers when such account customarily rotates among handlers, including an account with a public agency or institution the contract for which is let on a bid basis.

(4) When it is necessary to enable a handler to serve an account which he served on the effective date of the applicable supplementary order, but which was served by another handler in the base period.

When transfers are made under these provisions, the quota or base is deducted from the handler who served the account in June and is added to the quota or base of the handler serving it currently.

The Provisions for Relief from Hardship

Food Distribution Order 79 authorizes the Director of Food Distribution to grant relief in cases where the order works an exceptional and unreasonable hardship [paragraph (g)]. Any person who considers that compliance with the order will work such a hardship on him may apply in writing for relief to the Director, setting forth all pertinent facts and the nature of the relief sought. The Director is empowered to take such action as he deems appropriate. These provisions in the general order are implemented in each of the supplementary orders by a specific and more detailed procedure for handling petitions for relief. This procedure requires that each petition "shall contain the correct name, address and principal place of business of the petitioner, a full statement of the facts upon which the petition is based, and the hardship involved and the nature of the relief desired." The market agent is directed to investigate immediately the representations and facts stated in the petition. After investigation the market agent may deny the petition or grant temporary relief for a total period not to exceed 60 days. In any event, the petition is certified by the market agent to the Director for review. Denials or grants of relief by the market agent may be affirmed, modified, or reversed by the Director.

Provisions for relief from hardship are contained in all food distribution orders. They are designed to reduce the impact of the orders in cases where an exceptional and unreasonable hardship is imposed and where the granting of relief will not interfere with the operation of the order

in a substantial degree, or be inconsistent with its purposes. The provisions for relief are in the nature of an administrative remedy. Persons subject to an order should, therefore, avail themselves of these provisions and exhaust this remedy before seeking relief through judicial channels.

Handlers in petitioning for relief are expected to give expression to the burdens and difficulties which they would experience in the event they fail to receive relief. When these burdens and difficulties are found to be exceptional and unreasonable, relief is granted to the extent necessary to relieve them, conditioned at all times upon a further finding that the grant of relief will not defeat the purposes of the order.

The Equitable-Distribution Provisions

Food Distribution Order 79 requires each handler subject to the order to "make an equitable distribution of milk, milk byproducts, and cream delivered by him, taking into consideration" the priorities which may be established for various purchasers or classes of purchasers, and the persons and types of outlets supplied by the handler during the base period [paragraph (b)(3)]. It further requires that the handler "shall not favor purchasers who buy other products from him and shall not discriminate against purchasers who do not buy other products from him." Priorities for various classes of purchasers have been provided for in a number of the supplementary orders (Food Distribution Orders 79-103 to 79-139, inclusive), establishing the program in specific milk sales areas. These priority provisions require that in the distribution of milk a handler give preference to the following categories of consumers and purchasers in the order listed:

- (1) Children, expectant mothers, and invalids requiring milk.

(2) Homes and retail stores handling milk for consumption off the premises.

(3) Establishments serving milk for consumption on the premises.

In contrast with the other provisions of Food Distribution Order 79, which have already been discussed and which are an integral part of the system of regulation provided for in the order, the equitable distribution-provisions are distinct and separable from the remainder of the plan of regulation. The equitable-distribution provisions are designed not to limit the amount of fluid milk, milk byproducts, and cream sold, but to secure a more just distribution of the limited supplies of the restricted products among consumers than might otherwise obtain. In this respect, these provisions serve the same purposes as a consumer rationing program. These purposes could be accomplished, and possibly in a more thorough manner, by the adoption of a milk rationing program. Obviously, the equitable-distribution provisions could have been left out from Food Distribution Order 79. They can be suspended or terminated without affecting the primary objective of limiting the sale of the restricted products.

It was indicated above, under the discussion of "Fluid Milk Rationing as an Alternative to Food Distribution Order 79," that the War Food Administration is prepared to request the rationing of fluid milk, should this become necessary, for the purpose of obtaining an equitable distribution of limited supplies of milk among consumers, or for other purposes. If the equitable-distribution provisions were now terminated, it is possible that handlers could, on their own initiative, secure a fair distribution of their limited supplies. If, however, they should be unable to do this, and as a result some consumers obtained more than their just share of the supplies while other consumers

did not obtain their just share, milk rationing could and undoubtedly would be instituted. In any case, it is evident that the equitable-distribution provisions are distinct and separable from the remaining provisions of the order, and that their deletion from the order would not affect the operation of the quota-control arrangement.

Exhibit A

List of Supplementary Orders Issued Under Food Distribution Order 79, Establishing the Milk Conservation Program in the Specified Milk Sales Areas, and Related Information

FDO NUMBER	SALES AREA	EFFECTIVE DATE	FEDERAL REGISTER CITATION	ESTIMATED POPULATION	
				NOVEMBER 1, 1943	
79-1	Baltimore	Oct. 4, 1943	8 F.R. 13364	1,193,652	
79-2	St. Louis	Oct. 4, 1943	8 F.R. 13365	1,424,622	
79-3	Cleveland	Oct. 4, 1943	8 F.R. 13367	1,271,026	
79-4	Washington, D. C.	Oct. 4, 1943	8 F.R. 13368	1,205,645	
79-5	Norfolk, Portsmouth- Newport News	Oct. 4, 1943	8 F.R. 13369	561,141	
79-6	Richmond	Oct. 4, 1943	8 F.R. 13370	277,355	
79-7	Chicago	Oct. 4, 1943	8 F.R. 13371	4,576,539	
79-8	Omaha-Council Bluffs	Oct. 4, 1943	8 F.R. 13372	283,379	
79-9	Cincinnati	Oct. 4, 1943	8 F.R. 13373	800,151	
79-10	Canton, Ohio	Oct. 4, 1943	8 F.R. 13374	260,518	
79-11	Toledo, Ohio	Oct. 4, 1943	8 F.R. 13375	355,057	
79-12	Roanoke, Virginia	Oct. 4, 1943	8 F.R. 13376	103,294	
79-13	Dayton, Ohio	Oct. 4, 1943	8 F.R. 13377	350,473	
79-14	Akron, Ohio	Oct. 5, 1943	8 F.R. 13424	374,534	
79-15	Greater Kansas City	Oct. 5, 1943	8 F.R. 13426	700,830	
79-16	Youngstown, Ohio	Oct. 5, 1943	8 F.R. 13427	380,522	
79-17	Columbus, Ohio	Oct. 5, 1943	8 F.R. 13428	392,499	
79-18	Ft. Wayne, Indiana	Oct. 5, 1943	8 F.R. 13429	132,369	
79-19	Huntington-Ashland	Oct. 5, 1943	8 F.R. 13430	154,907	
79-20	Davenport-Rock Island-Moline	Oct. 5, 1943	8 F.R. 13431	181,968	
79-21	St. Joseph County, Indiana	Oct. 5, 1943	8 F.R. 13432	165,989	
79-22	Duluth-Superior	Oct. 5, 1943	8 F.R. 13433	141,545	
79-23	Hamilton-Middletown, Ohio	Oct. 5, 1943	8 F.R. 13435	115,616	
79-24	Wichita, Kansas	Oct. 5, 1943	8 F.R. 13436	174,094	
79-25	Harrisburg, Pennsylvania	Oct. 10, 1943	8 F.R. 13437	170,073	
79-26	Scranton-Wilkes-Barre	Oct. 10, 1943	8 F.R. 13438	495,480	
79-27	Allentown-Bethlehem-Easton	Oct. 10, 1943	8 F.R. 13439	312,461	
79-28	Lancaster, Pennsylvania	Oct. 10, 1943	8 F.R. 13440	125,294	
79-29	Reading, Pennsylvania	Oct. 10, 1943	8 F.R. 13441	161,677	
79-30	Wilmington, Delaware	Oct. 10, 1943	8 F.R. 13442	200,690	
79-31	Trenton, New Jersey	Oct. 10, 1943	8 F.R. 13443	199,127	
79-32	Atlantic City, New Jersey	Oct. 10, 1943	8 F.R. 13444	86,783	
79-33	Philadelphia	Oct. 10, 1943	8 F.R. 13445	2,947,921	
79-35	New Orleans	Oct. 17, 1943	8 F.R. 13837	583,172	
79-38	Louisville, Kentucky	Oct. 17, 1943	8 F.R. 13840	508,719	
79-39	Seattle	Oct. 17, 1943	8 F.R. 13873	532,816	
79-40	Tacoma	Oct. 17, 1943	8 F.R. 13876	188,158	
79-41	Spokane	Oct. 17, 1943	8 F.R. 13877	149,852	
79-42	Fall River-New Bedford-Taunton	Oct. 17, 1943	8 F.R. 13966	302,489	
79-43	Eastern New England	Oct. 17, 1943	8 F.R. 13967	2,871,696	
79-44	Springfield-Holyoke	Oct. 17, 1943	8 F.R. 13968	370,011	
79-45	Minneapolis-St. Paul	Oct. 22, 1943	8 F.R. 14255	889,211	
79-46	Grand Rapids, Michigan	Nov. 1, 1943	8 F.R. 14067	202,697	
79-47	Indianapolis	Nov. 1, 1943	8 F.R. 14069	488,598	
79-48	Des Moines, Iowa	Nov. 1, 1943	8 F.R. 14070	180,086	
79-49	Syracuse, New York	Nov. 1, 1943	8 F.R. 14183	259,002	

Exhibit A—(Continued)

FDO NUMBER	SALES AREA	EFFECTIVE DATE	FEDERAL REGISTER CITATION	ESTIMATED POPULATION
				NOVEMBER 1, 1943
79-50	Utica-Rome, New York	Nov. 1, 1943	8 F.R. 14186	193,580
79-51	Rochester, New York	Nov. 1, 1943	8 F.R. 14187	404,145
79-52	Binghamton, New York	Nov. 1, 1943	8 F.R. 14188	149,944
79-53	Albany-Schenectady-Troy	Nov. 1, 1943	8 F.R. 14190	415,769
79-54	Niagara-Frontier	Nov. 1, 1943	8 F.R. 14191	916,687
79-55	Salt Lake City	Nov. 1, 1943	8 F.R. 14257	223,301
79-56	Altoona, Pennsylvania	Nov. 1, 1943	8 F.R. 14258	102,456
79-57	Phoenix, Arizona	Nov. 1, 1943	8 F.R. 14259	134,864
79-58	Denver	Nov. 1, 1943	8 F.R. 14260	408,587
79-59	Charleston, West Virginia	Nov. 1, 1943	8 F.R. 14261	156,373
79-60	Peoria, Illinois	Nov. 1, 1943	8 F.R. 14262	153,137
79-61	Wheeling, West Virginia	Nov. 1, 1943	8 F.R. 14263	171,208
79-62	Portland, Oregon	Nov. 1, 1943	8 F.R. 14264	503,943
79-63	Lansing, Michigan	Nov. 1, 1943	8 F.R. 14265	114,881
79-64	Detroit	Nov. 1, 1943	8 F.R. 14266	2,525,454
79-65	Saginaw-Bay City	Nov. 1, 1943	8 F.R. 14267	154,155
79-66	Rockford, Illinois	Nov. 1, 1943	8 F.R. 14268	109,575
79-67	Flint, Michigan	Nov. 1, 1943	8 F.R. 14269	188,743
79-68	Pittsburgh	Nov. 1, 1943	8 F.R. 14270	1,838,523
79-69	Johnstown, Pennsylvania	Nov. 1, 1943	8 F.R. 14272	133,264
79-70	Erie, Pennsylvania	Nov. 1, 1943	8 F.R. 14273	137,256
79-71	Oklahoma City	Nov. 1, 1943	8 F.R. 14274	237,678
79-72	Tulsa	Nov. 1, 1943	8 F.R. 14275	207,984
79-73	San Diego	Nov. 1, 1943	8 F.R. 14367	394,517
79-74	San Jose	Nov. 1, 1943	8 F.R. 14369	194,718
79-75	Los Angeles	Nov. 1, 1943	8 F.R. 14370	3,562,337
79-76	San Francisco Bay Region	Nov. 1, 1943	8 F.R. 14371	1,821,868
79-77	Sacramento	Nov. 1, 1943	8 F.R. 14372	199,809
79-78	Evansville, Indiana	Nov. 1, 1943	8 F.R. 14599	145,001
79-79	Racine-Kenosha, Wisconsin	Nov. 1, 1943	8 F.R. 14600	132,238
79-80	Milwaukee	Nov. 1, 1943	8 F.R. 14601	864,586
79-81	New York-New Jersey	Nov. 1, 1943	8 F.R. 14373	10,859,816
79-83	Portland, Maine	Nov. 1, 1943	8 F.R. 14654	120,717
79-84	Stockton, California	Nov. 7, 1943	8 F.R. 14722	151,805
79-85	Sioux City, Iowa	Nov. 7, 1943	8 F.R. 14723	81,705
79-86	Springfield, Ohio	Nov. 7, 1943	8 F.R. 14724	100,429
79-87	Kalamazoo, Michigan	Nov. 7, 1943	8 F.R. 14725	82,700
79-88	Terre Haute, Indiana	Dec. 1, 1943	8 F.R. 15471	90,633
79-89	Cedar Rapids, Iowa	Dec. 1, 1943	8 F.R. 15473	71,681
79-90	Waterloo, Iowa	Dec. 1, 1943	8 F.R. 15474	63,698
79-91	Pueblo, Colorado	Dec. 1, 1943	8 F.R. 15475	66,009
79-92	Springfield, Missouri	Dec. 1, 1943	8 F.R. 15476	66,424
79-93	Topeka, Kansas	Dec. 1, 1943	8 F.R. 15477	78,500
79-94	Fresno, California	Dec. 1, 1943	8 F.R. 15478	106,279
79-95	Lincoln, Nebraska	Dec. 1, 1943	8 F.R. 15479	81,400
79-96	St. Joseph, Missouri	Dec. 1, 1943	8 F.R. 15480	74,343
79-97	Manchester, New Hampshire	Dec. 1, 1943	8 F.R. 15481	79,068
79-98	Decatur, Illinois	Dec. 1, 1943	8 F.R. 15767	65,698
79-99	Springfield, Illinois	Dec. 1, 1943	8 F.R. 15769	86,084
79-100	Madison, Wisconsin	Dec. 1, 1943	8 F.R. 15770	90,621
79-101	York, Pennsylvania	Dec. 1, 1943	8 F.R. 15771	88,644
79-103	Memphis, Tennessee	Jan. 1, 1944	9 F.R. 135	381,870
79-104	Chattanooga, Tennessee	Jan. 1, 1944	9 F.R. 137	198,326
79-105	Knoxville, Tennessee	Jan. 1, 1944	9 F.R. 138	218,295

Exhibit A—(Continued)

FDO NUMBER	SALES AREA	EFFECTIVE DATE	FEDERAL REGISTER CITATION	ESTIMATED POPULATION NOVEMBER 1, 1943
79-106	Nashville, Tennessee	Jan. 1, 1944	9 F.R. 139	256,913
79-107	Atlanta, Georgia	Jan. 1, 1944	9 F.R. 140	488,101
79-108	Columbus, Georgia	Jan. 1, 1944	9 F.R. 142	111,013
79-109	Birmingham, Alabama	Jan. 1, 1944	9 F.R. 143	458,685
79-110	Montgomery, Alabama	Jan. 1, 1944	9 F.R. 144	115,246
79-111	Muskegon, Michigan	Jan. 1, 1944	9 F.R. 145	89,302
79-112	Battle Creek, Michigan	Jan. 1, 1944	9 F.R. 147	67,476
79-113	Winston-Salem, North Carolina	Jan. 1, 1944	9 F.R. 148	69,359
79-114	Charlotte, North Carolina	Jan. 1, 1944	9 F.R. 149	108,806
79-115	Miami, Florida	Feb. 1, 1944	9 F.R. 632	275,591
79-116	Tampa-St. Petersburg	Feb. 1, 1944	9 F.R. 633	232,340
79-117	Jacksonville, Florida	Feb. 1, 1944	9 F.R. 635	245,123
79-118	Savannah, Georgia	Feb. 1, 1944	9 F.R. 636	150,111
79-119	Durham, North Carolina	Feb. 1, 1944	9 F.R. 637	69,892
79-120	Charleston, South Carolina	Feb. 1, 1944	9 F.R. 638	161,819
79-121	Jackson, Mississippi	Feb. 1, 1944	9 F.R. 639	90,907
79-122	Houston, Texas	Feb. 1, 1944	9 F.R. 641	580,321
79-123	Waco, Texas	Feb. 1, 1944	9 F.R. 642	72,038
79-124	Dallas, Texas	Feb. 1, 1944	9 F.R. 643	418,721
79-125	Ft. Worth, Texas	Feb. 1, 1944	9 F.R. 644	249,688
79-126	Austin, Texas	Feb. 1, 1944	9 F.R. 645	101,521
79-127	Galveston, Texas	Feb. 1, 1944	9 F.R. 647	84,722
79-128	San Antonio, Texas	Feb. 1, 1944	9 F.R. 648	364,275
79-129	Shreveport, Louisiana	Feb. 1, 1944	9 F.R. 649	104,369
79-130	Little Rock, Arkansas	Feb. 1, 1944	9 F.R. 650	134,581
79-131	Greensboro, North Carolina	Feb. 1, 1944	9 F.R. 870	115,635
79-132	Asheville, North Carolina	Feb. 1, 1944	9 F.R. 872	68,386
79-133	El Paso, Texas	Feb. 1, 1944	9 F.R. 1076	125,297
79-134	Corpus Christi, Texas	Feb. 1, 1944	9 F.R. 1078	86,509
79-135	Amarillo, Texas	Feb. 1, 1944	9 F.R. 1079	57,205
79-136	Augusta, Georgia	Feb. 15, 1944	9 F.R. 1408	95,975
79-137	Columbia, S. C.	Feb. 15, 1944	9 F.R. 1410	100,122
79-138	Macon, Georgia	Feb. 15, 1944	9 F.R. 1481	90,918
79-139	Mobile, Alabama	Feb. 15, 1944	9 F.R. 1411	184,884
79-141	Providence, R. I.	March 1, 1944	9 F.R. 2533	700,536
79-142 ¹	Connecticut State	March 1, 1944	9 F.R. 2534	1,748,402
Total				67,663,592

Population data from *Estimated Civilian Population of the United States, by Counties: November 1, 1943*, Census Bureau Bulletin Series P-44, No. 3. Estimates for areas not co-extensive with a county (or counties) were reached by applying percentage changes in population of metropolitan counties from April 1, 1940, to November 1, 1943, to the known April 1, 1940, population for sales areas as defined in the respective supplementary orders.

¹ Food Distribution Order 79-142, covering the entire State of Connecticut, superseded on March 1, 1944, Orders 79-34, 79-36, and 79-37, which covered the Bridgeport, Waterbury, and Hartford-New Britain areas, respectively.

Exhibit B**FLUID MILK SUPPLY
OFFICE OF WAR INFORMATION**

January 21, 1944.

A report on the supply of fluid milk and cream, based on information from the Department of Agriculture, the War Food Administration and the Office of Price Administration, was issued today by the Office of War Information.

The facts:

1. Civilians need to keep their use of fluid milk and cream within present limits, according to Marvin Jones, War Food Administrator, in order to insure an adequate supply of manufactured milk products for our armies, our people at home, and fighters and workers in allied and liberated countries.

2. Fluid milk and cream consumption stands at the highest level in history. It increased at a rate of better than one percent a month during 1943, for a total gain over 1941 of 20 percent. In order to guarantee that there will be sufficient manufactured products—butter, cheese, powdered and evaporated milk—the War Food Administration has placed a quota on sales of fluid milk and cream. Dealers in 112 different areas have been directed to limit their sales to those of June 1943, which is estimated to have shown the highest consumption of fluid milk and cream in history.

3. The War Food Administration says that farmers have undertaken to increase their milk herds by two percent, and to increase their production per cow by 50 pounds. If it is possible to do this, production in 1944 will reach 122,000,000,000 pounds, an all-time high. However, the Bureau of Agricultural Economics estimates that, if present trends in milk production continue, the production will approximate only 116,000,000,000 pounds, or 1,800,000,000 pounds under last year.

4. Feed is the key to increased or decreased production of milk, the War Food Administration says. The supply of feed is big as compared with the past, but so are the numbers of feed-eating farm animals. The feed supply per animal is not so big as last year, but about the average of pre-war years. Distribution of feed presents serious difficulties. Government agencies concerned with this problem are doing their utmost, in cooperation with manufacturers, dealers and farmers, to obtain the best distribution for all purposes.

5. From now on until mid-summer, milk production will increase over the output in November-December. The supplies of fluid milk for the next four or five months under any conditions will be sufficient to meet the dealer quotas on most markets.

6. It is too early to tell what the production will be in the late summer and fall of 1944 and what the requirements will be. However, if dealers and consumers fully cooperate in the quota program on the markets where it is in operation, there should be no need to resort to coupon rationing on any market, according to WFA and OPA.

The quota restrictions of deliveries of fluid milk have been fixed at 100 percent of the June 1943 sales, 75 percent of the cream sales for that month, and 75 percent of the sales of milk byproducts such as cottage cheese, chocolate milk, and cultured buttermilk. Distributors make their own allotments under this plan to individuals and retail outlets. Supply conditions at various times may make it necessary to adjust the quotas.

The restriction has been applied to 112 areas so far, including most cities with more than 100,000 population and 17 of the larger cities that have less than 100,000.

Others may, and probably will, be added to this list placed under quota restrictions.

War Food Administrator Jones, in discussing the controls that have been set up, emphasized the importance of milk and milk products in the overall picture of supply.

"Milk is highly important in wartime feeding of our armies, our people here at home, and the fighters and workers in allied and liberated countries," Mr. Jones said. "We could use more milk than we are able to produce. Therefore, we have to plan carefully and employ some regulations so as to make sure that we use the milk we do produce in the way that will do most toward winning the war.

"We have to provide the food values in milk to fighting men here and abroad, to working families in allied countries. We can't ship the fresh milk abroad. We have to send its food values as cheese or dry milk or evaporated milk or butter. Also, in this country, many war-working families live in places where they have to depend partly on manufactured milk products.

"To have the milk to meet the most essential wartime needs for dairy products, it has been necessary to stop the steady rise in the otherwise highly desirable use of fluid milk and to reduce the consumption of cream and milk by-products.

"So we ask civilians to cooperate with their milk dealers in conserving fluid milk and cream."

The quota restriction on cream and milk byproducts is expected to result in a saving equivalent to 1,200,000,000 pounds of fluid cream and milk and 435,000,000 pounds of skimmed milk. The latter would be expected to flow into channels of manufacture where it would be used to make such products as powdered milk. Most of the powdered milk goes to the armed services, but production is far below the needs.

Fluid milk and cream tend to flow into the channels of direct consumption because of price pressures, WFA said. Milk and cream for direct consumption bring prices that

average about 25 percent above those for milk and cream that go to manufacturers and processors. Such a differential has always existed, OPA said, and is not a result of price control. Actually, the price gap is narrower now than formerly. In years of normal demand, the "surplus," i. e., the fluid milk and cream for which there is an insufficient consumer demand, goes to the manufacturer. Thus, until sales of fluid milk and cream were limited, the continually increasing demand of the public for fluid milk and cream drained off the supply that normally would go to the processors.

The United States civilian butter shortage, according to WFA, is partly to be blamed on the pressure of direct consumption of fluid milk and cream, since increased consumption of these products means less butterfat for manufacture.

Here are BAE's figures on recent years' production of milk:

1941.....	115,498,000,000 pounds
1942.....	119,240,000,000 (all-time high)
1943.....	118,235,000,000

The year's total milk supply in 1943, both fluid and manufactured, was distributed in this way, as estimated by the BAE to the nearest 100,000:

Civilians	100,300,000,000 pounds
Armed services	10,200,000,000
Lend-lease	4,700,000,000
Regular exports to	
U. S. possessions...	700,000,000
Stockpiles (reserves) ..	2,200,000,000

Here is a breakdown on the consumption of fluid milk and cream for 1943, according to the Bureau of Agricultural Economics, indicating the probabilities for 1944:

Milk used on farms 22,000,000,000 pounds

Milk sold by farmers . . . 96,000,000,000 pounds

The farm consumption of milk is subdivided:

11,200,000,000 pounds consumed on farms where produced.

7,600,000,000 pounds used in production of farm butter.

3,200,000,000 pounds fed to calves.

WFA said in this connection that some 25,000,000 persons live on American farms, and their consumption of milk, per capita, is not disproportionate to the over-all consumption of the civilian population. Twenty percent of the butter manufactured on farms eventually is sold off the farms.

A further analysis of the farm picture shows the total of farms is about 6,000,000, of which 4,500,000 have cows and 3,000,000 churn butter.

The varying distribution of milk, WFA said, starts on the farm itself. Some farmers separate cream from whole milk on the farm, deliver the heavy cream to butter plants and feed the skim milk to pigs and chickens. Others take the whole milk to butter plants, which may also have plants for the manufacture of powdered skim milk or may turn back the skim to the farmers for feed.

Whole milk also may be carried to the evaporation plants or to pasteurizing establishments. These, in turn, may sell the milk directly to consumers or may separate it into cream for consumers and ice cream plants. The skimmed milk, in this case, would be made into cottage cheese or powdered milk or fortified with chocolate and sold as chocolate milk. Again, the whole milk may be taken directly to cheese-makers.

Milk production, distribution, and manufacture represent one of the most complicated food problems of the entire nation.

A breakdown of the 96,000,000,000 pounds of fluid milk sold by farmers during 1943 shows the following distribution, figured to nearest 100,000,000:

To non-farm public (including armed services)	39,500,000,000 lbs.
For American Cheddar cheese.....	7,800,000,000 lbs.
For other whole-milk cheeses	2,000,000,000 lbs.
For evaporated milk	6,600,000,000 lbs.
For condensed milk	600,000,000 lbs.
For ice cream	4,200,000,000 lbs.
For powdered whole milk	1,000,000,000 lbs.
For butter	34,000,000,000 lbs.

Exhibit C**Explanation of Amendment 1 to FDO 79-102**

Amendment 1 to FDO 79-102 is a grant of authority to market agents. It authorizes market agents to permit handlers, within specified limits, to calculate sales quotas, adjust quotas, and transfer quotas among products on the basis of the total milk solids contents of the various products. The authority is permissive, not mandatory, as far as the market agents are concerned and as far as each individual handler is concerned.

Basically the amendment provides for establishment of all quotas on a total milk solids basis rather than on the basis of pounds of product or pounds of butterfat or both. Also, it provides for only two quotas, one for the milk solids in milk, the other for the combined milk solids in cream and byproducts.

The amendment also provides much greater freedom with respect to transfers of quota between products. Handlers may be permitted under this amendment to make any such transfers they see fit to make, with but two exceptions or limits: (1) Handlers may not be permitted to transfer milk solids quota for milk to milk solids quota for cream and byproducts. Quota can be transferred to milk but not away from milk. (2) Handlers may not sell in any quota period, on a daily average basis, a greater fluid volume of cream than was sold in the base period. In other words, no matter how much total milk solids quota a handler may have for cream and byproducts, he can be permitted to use for cream only such amount of this total as is equivalent to the daily average gallonage of cream (including milk and cream mixtures containing 6 percent or more butterfat) which he sold in the base period. Additional quota resulting from transfers between dealers would add to this base period gallonage. By the

same token, reduced quotas resulting from inter-dealer transfers would reduce the base period gallonage of a handler.

There is attached a table of conversion factors showing total milk solids figures for the various products. It will be obvious from inspection of this table that all of the figures in it assume that all of the products were made from milk containing 4 percent butterfat and 9 percent solids not fat. Thus, there are 9 pounds of solids not fat in each 96 pounds of skim milk, or $9\frac{3}{8}$ pounds of solids not fat in each 100 pounds of skim milk. In this way, the total milk solids in 100 pounds of 20 percent cream are 20 pounds of fat plus $7\frac{1}{2}$ pounds of solids not fat ($80/100$ ths of $9\frac{3}{8}$), or a total of $27\frac{1}{2}$ pounds of solids. Exactly the same result is obtained by adding together $9\frac{3}{8}$ pounds of solids not fat and 90.625 percent of the fat pounds, as is provided in the amendment. In other words, the total milk solids percentage can be calculated as either 9.375 plus 0.90625 times the butterfat percentage, or the butterfat percentage plus 0.09375 times the skim milk percentage.

In transposing these total solids figures onto a gallonage basis in this table, the weight of butterfat has been taken as 8.015 pounds per gallon and the weight of skim milk at 8.634 pounds per gallon. On this basis, 20 percent cream weighs 8.51 pounds per gallon, 12 percent milk and cream mix weighs 8.56 pounds per gallon, and 3.5 percent milk weighs 8.612 pounds per gallon. These weights would be slightly lower at higher temperatures.

The table attempts to show the conversion factors for the principal products which will be involved in quota transfers and adjustments. If figures are desired for products of different butterfat tests from those shown, that can be obtained by calculation from the figures given here in

the text or by interpolation of the figures shown in the table.

If different weights and solids not fat factors had been used, the net results would have been only infinitesimally different from those shown here, particularly with respect to the relation between various products as shown in the last six columns of the table.

Conversion Table for Quota Transfers and Adjustments, FDO-79

PRODUCT	BUTTERFAT CONTENT (PERCENT)	MILK SOLIDS		TOTAL MILK SOLIDS PER 100 POUNDS	TOTAL MILK SOLIDS PER GALLON 3	POUNDS OF OTHER PRODUCTS RE- QUIRED TO EQUAL 100 POUNDS OF				GALLONS OF OTHER PRODUCTS RE- QUIRED TO EQUAL ONE GALLON OF				
		NOT FAT CONTENT (PERCENT)	FAT CONTENT (PERCENT)			3.75% MILK	12% MIX	19% CREAM	3.75% MILK	12% MIX	19% CREAM			
Cottage Cheese	4.5	62.500 ¹	67.000 ¹	....	....	19.064	30.224	39.693	....	....	....	....	....	....
Skim Milk ² Drinks and Buttermilk	0.0	9.375	9.375	0.809	0.809	136.245	216.000	283.669	1.360	2.143	2.798	1.360	2.143	2.798
	0.5	9.328	9.828	0.848	0.848	129.965	206.043	270.593	1.297	2.044	2.668	1.297	2.044	2.668
	1.0	9.281	10.281	0.887	0.887	124.239	196.965	258.671	1.240	1.954	2.551	1.240	1.954	2.551
	1.5	9.234	10.734	0.926	0.926	118.996	188.653	247.755	1.188	1.872	2.444	1.188	1.872	2.444
	2.0	9.188	11.188	0.965	0.965	114.167	180.998	237.701	1.140	1.797	2.346	1.140	1.797	2.346
Whole Milk	3.0	9.094	12.094	1.042	1.042	105.614	167.438*	219.894*	1.056	1.664*	2.173*	1.056	1.664*	2.173*
	3.5	9.047	12.547	1.081	1.081	101.801	161.393*	211.955*	1.018	1.604*	2.095*	1.018	1.604*	2.095*
	3.75	9.023	12.773	1.100	1.100	100.000	158.538*	208.205*	1.000	1.576*	2.058*	1.000	1.576*	2.058*
	4.0	9.000	13.000	1.119	1.119	98.254	155.769*	204.569*	.983	1.549*	2.023*	.983	1.549*	2.023*
	4.5	8.953	13.453	1.158	1.158	94.945	150.523*	197.679*	.950	1.497*	1.955*	.950	1.497*	1.955*
Cream and Milk and Cream mixes	5.0	8.906	13.906	1.196	1.196	91.852	145.620*	191.240*	.920	1.450*	1.893*	.920	1.450*	1.893*
	6.0	8.812	14.812	1.273	1.273	86.234	136.713	179.544	.864	1.362	1.778	.864	1.362	1.778
	10.0	8.438	18.438	1.581	1.581	69.275	109.827	144.235	.696	1.097	1.432	.696	1.097	1.432
	12.0	8.250	20.250	1.733	1.733	63.077	100.000	131.328	.635	1.000	1.306	.635	1.000	1.306
	16.0	7.875	23.875	2.038	2.038	53.499	84.816	111.388	.540	.851	1.111	.540	.851	1.111
Cream mixes	18.0	7.688	25.688	2.189	2.189	49.724	78.831	103.527	.503	.793	1.035	.503	.793	1.035
	19.0	7.594	26.594	2.265	2.265	48.030	76.146	100.000	.486	.766	1.000	.486	.766	1.000
	20.0	7.500	27.500	2.340	2.340	46.447	73.636	96.705	.470	.741	.967	.470	.741	.967

¹ Based on the milk solids in the skim milk from which the cheese was made.² Figures shown are for the skim milk equivalent of flavored drinks.³ Based on the weights of the various products, at 50° F., assuming all products made from the same test of milk.

* Transfers from milk to cream or from milk to byproducts, of course, are not allowed.

Exhibit D**Designation of Market Agent for the _____
Milk Sales Area**

Pursuant to the provisions of Food Distribution Order No. 79, issued by the War Food Administrator on September 7, 1943 (8 F. R. 12426), _____ is hereby designated market agent under Director Food Distribution Order 79-_____, for the _____, milk sales area and as such market agent shall:

1. Perform his duties and exercise the powers of market agent, in accordance with the provisions of said orders;

2. Be entitled for his services as market agent to a salary of (\$_____) per annum, payable out of the funds provided therefor in said order;

3. Within 45 days following the date of his appointment as market agent furnish the Director of Food Distribution with a bond, with sureties thereon acceptable to the Director of Food Distribution in the amount of _____ (\$_____), such bond to be conditioned upon the faithful performance of his duties under the said orders;

4. Incur such expenses as the Director of Food Distribution finds will be necessary for the effective operation of the said orders in the _____, milk sales area, and pay such expenses out of the funds provided therefor in the said order;

5. Transmit to the Director of Food Distribution, through the Dairy and Poultry Branch, recommendations and reports of the meetings of any advisory committee established for the _____, milk sales area; and

6. Hold office as such market agent under the general supervision of the Chief, Dairy and Poultry Branch, until

his designation as market agent is terminated or suspended by the Director of Food Distribution.

This appointment to be effective as of _____.

Done at Washington, D. C., this the _____ day of

_____, 1944.

_____,
Director of Food Distribution.

Exhibit E**Administrative Assessments Authorized by
State Milk Control Laws**

The following State laws provide for regulatory fees payable to administrative agencies, on the basis of the volume of milk, cream, or butterfat produced, purchased, handled or sold:

1. *State of California (Act of 1937, as amended in 1939, chap. 10, Agricultural Code)*.—Distributors subject to the provisions of any applicable stabilization and marketing plan are required to “deduct from payments due producers for fluid milk, fluid cream or both, including each distributor’s own production, the sum of two mills per pound milk fat on all milk fat contained in fluid milk, fluid cream or both, or in the case of distributors who do not purchase or receive fluid milk, fluid cream or both, in milk fat pounds, the sum of seven mills for each ten gallons of milk sold.” Any such deductions are required to be paid the Director of Agriculture monthly, to be used in the administration and enforcement of chapter 10, or any plan established by this chapter.

2. *Connecticut (Act of 1941, chap. 107a)*.—Dealers subject to an order issued under this act pay the State administrator not to exceed 2 cents per hundredweight of milk received or purchased from producers, 50 percent of which payment is deductible from amounts due producers.

3. *Florida (Act of 1939, chap. 19231)*.—Distributors pay a “privilege” tax of one-tenth of 1 cent upon each gallon of milk distributed.

4. *Maine (chap. 138, Laws of 1939)*.—The administrative expenses of the Milk Control Board are met by annual license fees and from payments by dealers of not more than 1 cent per hundredweight of milk sold and distributed. One-half of the assessments may be deducted by the dealers from the price paid to producers.

5. *Massachusetts (chap. 20, Gen. Laws as amended in 1941).*—Milk dealers pay the Milk Control Board monthly assessments of not more than 2 cents per hundredweight of milk sold or distributed in any market subject to the Act. One-half of this payment may be deducted by dealers from producers' accounts.

6. *New York (Art. 2, chap. 126, Laws of 1934, as amended in 1941).*—Any marketing agreement or order with respect to milk may provide for deductions from payments to producers to cover the cost of administering such agreements or orders.

7. *Virginia (Act of 1934, chap. 357, as amended in 1940).*—Expenses of the State Milk Commission are met from volume assessments levied on local milk boards of not more than 2 cents per hundredweight of milk handled in each market in which the act is in operation. The local milk boards, in turn, derive the sums payable to the State Milk Commission and their own expenses by assessments of not more than 4 cents per hundredweight "of milk and/or cream (converted to terms of milk of four percent butterfat)," equally divided between producers and distributors.

8. *Rhode Island (Gen. Laws, 1938, chap. 215, as amended in 1939).*—A fee payable by milk distributors of not to exceed 2 cents per hundredweight of milk "sold as fluid milk or cream," is authorized by this law.

p. 53-55 omitted

Form FDO 79-2

Handler
Report
Form

Form Approved
Budget Bureau
No. 40-43152

MILK MARKET AGENT _____ SALES AREA _____

Order No. 79

Food Distribution Administration

Handler

Month of June 1943

Address

REPORT OF SALES FOR ESTABLISHING QUOTAS

Sales Subject to Quotas

	Product Pounds	Butterfat Pounds
1 Milk - home deliveries		
2 Milk - all other deliveries		
3 Cream		
4 Skim Milk		
5 Flavored milk drinks and beverages		
6 Buttermilk		
7 Cottage cheese (skim equiv.)		
8 Total		

Sales Not Subject to Quotas

Purchaser	Product	Product Pounds	Butterfat Pounds
9			
10			
11			
12			
13			
14 Total			

I, the undersigned, hereby certify that the information given in this report is true and complete to the best of my knowledge, information, and belief.

Date: _____

Handler

By _____ Title _____

Form FDO 79-4
(Superseding FDO 79-1
and FDO 79-3)

Budget Bureau No. 40-R738.1
Approval Expires 9/30/44

WAR FOOD ADMINISTRATION
Office of Distribution

Quota Period Report

_____ 19 Quota Period
(Date)

(Handler)

MARKET AGENT- Food Distribution Order No. 79

Sales Area

Address (Street, City, State)

R E C E I P T S

	PRODUCT PCUNDS*	B. F. POUNDS	
1. Opening inventory			1
2. Own farm production			2
3. Receipts from producers			3
4. Receipts from other handlers - Milk			4
5. Cream			5
6. Milk byproducts.			6
7. Other receipts			7
8. Total receipts and inventory			8

U T I L I Z A T I O N

DELIVERIES SUBJECT TO QUOTAS		PRODUCT POUNDS*	B. F. POUNDS
9.	Milk - To homes		9
10.	All other		10
11.	Total milk		11
12.	Cream - To homes		12
13.	All other		13
14.	Total cream		14
15.	Milk byproducts - Skim milk		15
16.	Buttermilk		16
17.	Flav. milk drinks & beverages under 3%		17
18.	Cottage, pot, & bakers' cheese (skim equiv.)		18
19.	Total milk byproducts		19
20.	Total deliveries subject to quotas (lines 11, 14, 19)		20
21. DELIVERIES NOT SUBJECT TO QUOTAS (See reverse side)			21
22.	Closing inventory		22
23.	Total utilization and inventory (20, 21, 22)		23
24.	Difference bet. rec. & util. (line 8 minus line 23)		24
25.	Reason for difference (if any)		25

Q U O T A

		DAILY QUOTAS		QUOTAS FOR THIS PERIOD	
		PRODUCT POUNDS*	B.F. POUNDS	PRODUCT POUNDS*	B.F. POUNDS
26.	Milk				26
27.	Cream.				27
28.	Milk byprod. (skim equiv.)				28
29.	Total.				29

ASSESSMENT: Deliveries subject to quotas (line 20) _____ lbs. at \$ _____ per cwt. \$ _____

* In this column report products in terms of either fluid milk equivalent, cream equivalent or skim milk equivalent.

I, the undersigned, hereby certify that the information given in this report is true and complete to the best of my knowledge, information, and belief.

Date _____ Signed _____ Title _____

(Over)

Deliveries not subject to quotas

NAME	CITY OR TOWN	STATE	NAME OF PRODUCT	PRODUCT POUNDS*	B. F. POUNDS
Schedule A Sales to other handlers (except sub-handlers) and to plants from which no milk, cream, or milk byproducts are delivered in the sales area.					
Schedule B Sales to armed forces and to Federal agencies.					
Schedule C Sales to other persons outside the sales area.					
Schedule D Sales to other persons inside the sales area.					
Schedule E Sales to schools in the area (if exempt).					
Schedule F Manufactured products not subject to quotas.					
Totals (to line 21)					
*In this column report products in terms of either fluid milk equivalent, cream equivalent or skim milk equivalent.					
Remarks:					

